

**GILMORE CITY-BRADGATE  
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORT  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2009

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**GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**Board of Education**

**(Before September 2008 Election)**

Ron Warren	President	2009
Kevin Wagner	Vice President	2009
Tawny Hoover		2008
Amy Ford		2008
Beau Jergens		2009

**(After September 2008 Election)**

Ron Warren	President	2009
Kevin Wagner	Vice President	2009
Tawny Hoover		2011
Amy Ford		2011
Beau Jergens		2009

**School Officials**

Ron Bollmeyer	Superintendent
Julie Dickey	District Secretary/ Treasurer

# BRUCE D. FRINK

Certified Public Accountant

## Independent Auditor's Report

To the Board of Education of  
Gilmore City-Bradgate Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Gilmore City-Bradgate Community School District, Gilmore City, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of Gilmore City-Bradgate Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2010 on our consideration of Gilmore City-Bradgate Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

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- Payroll Preparation
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- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

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- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gilmore City-Bradgate Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 2, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Bruce D. Frink". The signature is written in a cursive, flowing style.

**BRUCE D. FRINK**  
**Certified Public Accountant**

January 18, 2010

# **GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT**

## **Management's Discussion and Analysis**

Gilmore City-Bradgate Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2009 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$1,846,569 in fiscal 2008 to \$1,835,128 in fiscal 2009, (virtually no change) while General Fund expenditures increased from \$1,860,708 in fiscal 2008 to \$2,034,935 (a nine percent increase) in fiscal 2009.
- The District receives the new state penny sales tax. Technology purchases and building and grounds upkeep are expenditures out of this Fund.
- The City of Gilmore City donates part of their Local Option Sales Tax monies to help support the school district to operate the Thunder Tots Daycare Program. These contributions help in keeping the rates parents pay as low as possible.
- The District raised meal prices and school fees slightly for the 2008-2009 school year.
- Declining enrollment and loss of the budget guarantee have caused revenues to decline while expenditures keep rising. The rapid decline of the District's cash reserve must become an issue for the District.
- The District continues to receive state funding for four-year old preschool. The District receives .6 per pupil, cost for each four year old student.
- A new elementary playground with rubber surfacing was a new addition to our building and grounds. Dollars from the Physical Plant and Equipment Levy and Capital Projects Fund were used to fund the purchase.
- The District continues to receive sharing dollars from the Twin Rivers District for students in grades four through eight.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Gilmore City-Bradgate Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Gilmore City-Bradgate Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Gilmore City-Bradgate Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information includes detailed information about the Student Activity Fund.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
***Gilmore City-Bradgate Community School District Annual Financial Report***

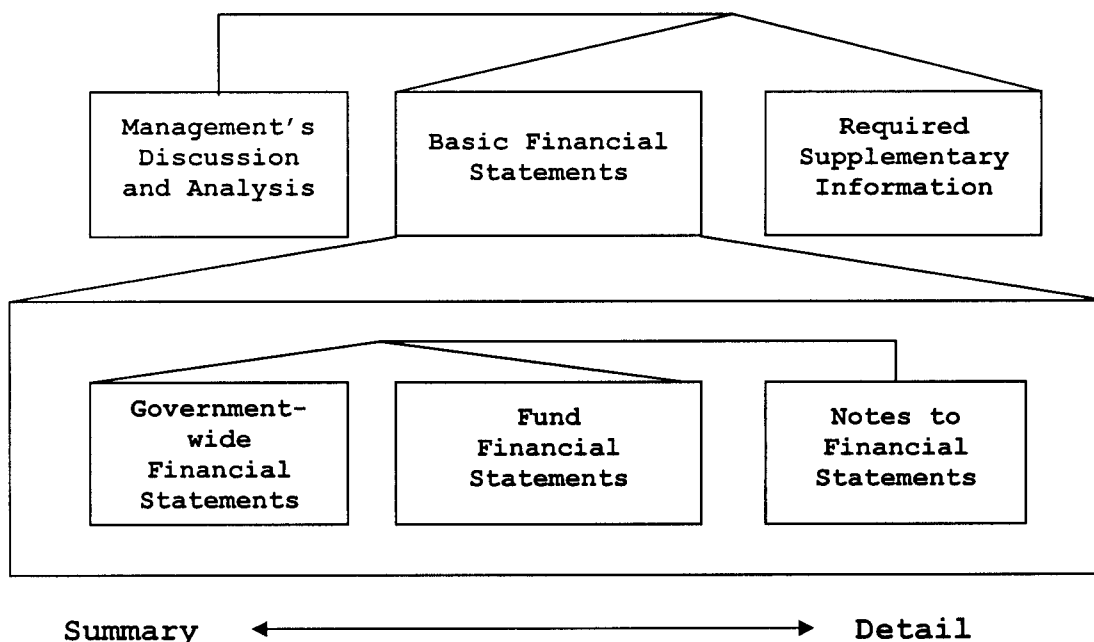


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**  
**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and child care operations	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long- term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition and childcare programs are included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has elected to include all funds as "major" for clarity of presentation.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Child Care Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- *Private-Purpose Trust Fund* - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2009 compared to June 30, 2008.

**Figure A-3**  
**Condensed Statement of Net Assets**  
**(Expressed in Thousands)**

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current assets	\$ 2,075	2,172	20	16	2,095	2,188	-4.25%
Capital assets	418	422	-	-	418	422	-0.95%
<b>Total assets</b>	<u>2,493</u>	<u>2,594</u>	<u>20</u>	<u>16</u>	<u>2,513</u>	<u>2,610</u>	<u>-3.72%</u>
Current liabilities	894	826	-	-	894	826	8.23%
Non-current liabilities	5	-	-	-	5	-	100.00%
<b>Total liabilities</b>	<u>899</u>	<u>826</u>	<u>-</u>	<u>-</u>	<u>899</u>	<u>826</u>	<u>8.84%</u>
Net assets:							
Invested in capital assets, net of related debt	418	422	-	-	418	422	-0.95%
Restricted	613	575	-	-	613	575	6.61%
Unrestricted	563	771	20	16	583	787	-25.92%
<b>Total net assets</b>	<u>\$ 1,594</u>	<u>1,768</u>	<u>20</u>	<u>16</u>	<u>1,614</u>	<u>1,784</u>	<u>-9.53%</u>

The District's combined net assets decreased by over 9%, or approximately \$179,000 from the prior year. The largest portion of the District's net assets is invested in cash.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased approximately \$204,000 or 26%. This decrease was due in part to the 2% allowable growth rate being inadequate to keep up with normal price increases and midyear state aid cuts of unprecedented amounts.

Figure A-4 shows the changes in net assets for the years ended June 30, 2009 compared to the year ended June 30, 2008

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
Governmental Activities		Business type Activities		Total School District		Total Change	
2009	2008	2009	2008	2009	2008	2008-2009	
Revenues:							
Program revenues:							
Charges for service and sales	\$ 399	250	104	101	503	351	43.30%
Operating grants, contributions and restricted interest	366	438	68	56	434	494	-12.15%
General revenues:							
Property tax	806	823	-	-	806	823	-2.07%
Income surtax	81	73	-	-	81	73	10.96%
Local option sales tax	94	110	-	-	94	110	-14.55%
Unrestricted state grants	323	415	-	-	323	415	-22.17%
Unrestricted investment earnings	18	16	-	-	18	16	12.50%
Other	3	5	-	-	3	5	-40.00%
Total revenues	2,090	2,130	172	157	2,262	2,287	-1.09%
Program expenses:							
Governmental activities:							
Instruction	1,445	1,321	-	-	1,445	1,321	9.39%
Support Services	625	579	-	-	625	579	7.94%
Non-instructional programs	3	3	168	160	171	163	4.91%
Other expenses	193	192	-	-	193	192	0.52%
Total expenses	2,266	2,095	168	160	2,434	2,255	7.94%
Change in net assets	\$ (176)	35	4	(3)	(172)	32	-637.50%

Property tax and unrestricted state grants account for 50% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 85% of the total expenses.

## Governmental Activities

Revenues for governmental activities were \$2,091,707 and expenses were \$2,265,722, for the year ended June 30, 2009.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2009 compared to the year ended June 30, 2008.

<b>Figure A-5</b>						
<b>Total and Net Cost of Governmental Activities</b>						
<b>(Expressed in Thousands)</b>						
<b>Total Cost of Services</b>			<b>Net Cost of Services</b>			
		<b>Change</b>			<b>Change</b>	
	<b>2009</b>	<b>2008</b>	<b>2008-2009</b>	<b>2009</b>	<b>2008</b>	<b>2008-2009</b>
Instruction	1,445	1,321	9.39%	768	722	6.37%
Support Services	625	579	7.94%	615	556	10.61%
Noninstructional	3	3	0.00%	3	3	0.00%
Other expenses	193	192	0.52%	115	125	-8.00%
Totals	<u>\$ 2,266</u>	<u>2,095</u>	<u>8.16%</u>	<u>1,501</u>	<u>1,406</u>	<u>6.76%</u>

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$399,412 (a fifty-nine percent increase). This is primarily due to additional sharing dollars between Gilmore City-Bradgate Community School District and Twin Rivers Community School District.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$253,646 (a twenty-five percent increase).
- The net cost of governmental activities was financed with \$805,910 (a two percent decrease) in property and other taxes and \$323,305 in unrestricted state grants (a twenty-two percent increase),

## Business Type Activities

Revenues for business type activities during the year ended June 30, 2009 were \$172,004 and expenses totaled \$168,359. The District's business type activities include the School Nutrition Fund and a Child Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income. Both funds showed a positive fund balance as of June 30, 2009.

The City of Gilmore City donates part of their Local Option Sales Tax monies to help support the school district to operate the Thunder Tots Daycare Program. These contributions help in keeping the rates parents pay as low as possible.

## FUND ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, Gilmore City-Bradgate Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,111,916, a thirteen percent decrease from last year's ending fund balances of \$1,279,889.

## **Governmental Fund Highlights**

- The District's General Fund financial status decreased this year primarily due to inadequate allowable growth coupled with unprecedented state aid cuts. This becomes more difficult every year due to state's decision to remove the budget guarantee.
- The Physical Plant and Equipment Levy (PPEL levy) decreased by over \$26,000 as a result of the District using these funds for a variety of infrastructure projects.
- The Capital Projects Fund increased by over \$55,000 in the fiscal year ending June 30, 2009. This money can be used for many of the same purposes as the District's PPEL levy. The District is currently prioritizing projects for use of these funds.

## **Proprietary Fund Highlights**

Beginning in the 2005-2006 school year a fund was established for the Thunder Tots Daycare and Preschool operated by the District. Contributions include donations from the City of Gilmore City. The fund had a positive fund balance at June 30, 2009.

## **BUDGETARY HIGHLIGHTS**

The District's receipts were \$18,943 greater than budgeted receipts, a variance of 1%. The most significant variance resulted from the District receiving less in state revenues than originally anticipated. Miscellaneous revenues grew faster than expected to offset state aid cuts.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2009, the District had invested \$417,914, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 1% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$55,024.

The original cost of the District's capital assets was \$1,415,674. Governmental funds account for \$1,399,343, with the remainder of \$16,331 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings and transportation categories. The District spent over \$55,000 on a variety of building projects and vehicles.

**Figure A-6**  
**Condensed Statement of Net Assets**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$ 7	7	-	-	7	7	0.00%
Buildings	319	301	-	-	319	301	5.98%
Improvements other than buildings	30	32	-	-	30	32	-6.25%
Furniture and equipment	62	82	-	-	62	82	-24.39%
Totals	<u>\$ 418</u>	<u>422</u>	<u>-</u>	<u>-</u>	<u>418</u>	<u>422</u>	<u>-0.95%</u>

### Long-Term Debt

The District has no long-term debt except for its early retirement plan. This consists of prior year retirements as the program is currently suspended.

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- Declining enrollment and the effects of the removal of the 100% budget guarantee will require due diligence out the part of the administration and board of education.
- The District receives sharing dollars from the Twin Rivers District due to grades four through eight attending Gilmore City-Bradgate.
- Unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District. "No Child Left Behind", "Student Achievement and Teacher Quality Act", and "GASB 34", to name a few.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Julie Dickey, District Secretary/Treasurer, Gilmore City-Bradgate Community School District, 402 SE E Ave, Gilmore City, IA 50541.

## **Basic Financial Statements**

## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 1,146,752	14,776	1,161,528
Receivables:			
Property tax:			
Current year	10,034	-	10,034
Succeeding year	833,750	-	833,750
Income surtax - succeeding year	69,396	-	69,396
Due from other governments	7,474	2,831	10,305
Other receivables	7,804	499	8,303
Inventories	-	1,855	1,855
Capital assets, net of accumulated depreciation	417,914	-	417,914
<b>Total assets</b>	<u>2,493,124</u>	<u>19,961</u>	<u>2,513,085</u>
<b>Liabilities</b>			
Accounts payable	60,148	53	60,201
Deferred revenue:			
Succeeding year property tax	833,750	-	833,750
Long-term liabilities:			
Portion due within one year:			
Early retirement	5,214	-	5,214
<b>Total liabilities</b>	<u>899,112</u>	<u>53</u>	<u>899,165</u>
<b>Net assets</b>			
Invested in capital assets	417,914	-	417,914
Restricted for:			
Management levy	135,300	-	135,300
Student activities	15,152	-	15,152
Physical plant and equipment levy	199,937	-	199,937
Capital projects	250,524	-	250,524
Categorical funding	12,256	-	12,256
Unrestricted	562,929	19,908	582,837
<b>Total net assets</b>	<u>\$ 1,594,012</u>	<u>19,908</u>	<u>1,613,920</u>

See notes to financial statements.



## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2009

	Program Revenues				Governmental Activities	Business Type Activities	Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest				
<b>Functions/Programs</b>							
Governmental activities:							
Instruction:	\$ 1,445,017	399,412	277,439		(768,166)	-	(768,166)
Support services:							
Student services	38,720	-	-		(38,720)	-	(38,720)
Instructional staff services	50,355	-	-		(50,355)	-	(50,355)
Administration services	316,164	-	-		(316,164)	-	(316,164)
Operation and maintenance of plant services	138,293	-	10,155		(128,138)	-	(128,138)
Transportation services	81,316	-	-		(81,316)	-	(81,316)
	624,848	-	10,155		(614,693)	-	(614,693)
Non-instructional programs:							
Food service operations	3,000	-	-		(3,000)	-	(3,000)
Other expenditures:							
AEA flowthrough	66,266	-	66,266		-	-	-
Facilities acquisition and construction	71,567	-	11,961		(59,606)	-	(59,606)
Depreciation (unallocated)*	55,024	-	-		(55,024)	-	(55,024)
	192,857	-	78,227		(114,630)	-	(114,630)
Total governmental activities	2,265,722	399,412	365,821		(1,500,489)	-	(1,500,489)

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues			Governmental Activities	Business Type Activities	Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest			
Business type activities:						
Non-instructional programs:						
Nutrition and child care services	168,359	104,156	67,848	-	3,645	3,645
Total	<u>\$ 2,434,081</u>	<u>503,568</u>	<u>433,669</u>	<u>(1,500,489)</u>	<u>3,645</u>	<u>(1,496,844)</u>
<b>General revenues:</b>						
Property tax levied for:						
General purposes				\$ 699,112	-	699,112
Management fund				39,728	-	39,728
Capital outlay				67,070	-	67,070
Income surtaxes collected for:						
General purposes				81,313	-	81,313
Statewide sales and services tax				94,954	-	94,954
Unrestricted state grants				323,305	-	323,305
Unrestricted investment earnings				17,949	-	17,949
Undepreciated basis in capital assets disposed of during the year				(4,701)	-	(4,701)
Other				7,744	-	7,744
Total general revenue				<u>1,326,474</u>	<u>-</u>	<u>1,326,474</u>
Change in net assets				(174,015)	3,645	(170,370)
Net assets beginning of year				<u>1,768,027</u>	<u>16,263</u>	<u>1,784,290</u>
Net assets end of year				<u>\$ 1,594,012</u>	<u>19,908</u>	<u>1,613,920</u>

\* This amount excludes the depreciation that is included in the direct expenses of the various programs

See notes to financial statements.

## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2009

	General	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
<b>Assets</b>						
Cash and pooled investments	\$ 549,429	140,019	15,152	199,102	243,050	1,146,752
Receivables:						
Property tax:						
Current year	8,704	495	-	835	-	10,034
Succeeding year	648,744	115,000	-	70,006	-	833,750
Income surtax - succeeding year	69,396	-	-	-	-	69,396
Due from other governments	-	-	-	-	7,474	7,474
Other receivables	7,804	-	-	-	-	7,804
<b>Total assets</b>	<u>1,284,077</u>	<u>255,514</u>	<u>15,152</u>	<u>269,943</u>	<u>250,524</u>	<u>2,075,210</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	60,148	-	-	-	-	60,148
Deferred revenue:						
Succeeding year property tax	648,744	115,000	-	70,006	-	833,750
Succeeding year income surtax	69,396	-	-	-	-	69,396
Total liabilities	<u>778,288</u>	<u>115,000</u>	<u>-</u>	<u>70,006</u>	<u>-</u>	<u>963,294</u>
Fund balances:						
Reserved for capital projects	-	-	-	-	250,524	250,524
Reserved for categorical funding	12,256	-	-	-	-	12,256
Unreserved	493,533	140,514	15,152	199,937	-	849,136
Total fund balances	<u>505,789</u>	<u>140,514</u>	<u>15,152</u>	<u>199,937</u>	<u>250,524</u>	<u>1,111,916</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,284,077</u>	<u>255,514</u>	<u>15,152</u>	<u>269,943</u>	<u>250,524</u>	<u>2,075,210</u>

See notes to financial statements.

## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2009

Total fund balances of governmental funds (Exhibit C)	\$ 1,111,916
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**Amounts reported for governmental activities in the Statement of Net Assets  
are different because:**

Income surtax receivable at June 30, 2009 is not recognized as income until received in the governmental funds, however it is shown as a revenue in the Statement of Activities.	69,396
--	--------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	417,914
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Long-term liabilities, including early retirement, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(5,214)</u>
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Net assets of governmental activities (Exhibit A)	<u>\$ 1,594,012</u>
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## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2009

	General	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
Revenues:						
Local sources:						
Local tax	\$ 776,682	39,728	-	67,070	94,954	978,434
Tuition	266,114	-	33,668	-	-	299,782
Other	160,174	6,095	-	4,002	961	171,232
State sources	542,912	22	-	37	11,000	553,971
Federal sources	89,246	-	-	-	-	89,246
Total revenues	1,835,128	45,845	33,668	71,109	106,915	2,092,665
Expenditures:						
Instruction:	1,391,582	15,188	32,553	-	480	1,439,803
Support services:						
Student services	38,720	-	-	-	-	38,720
Instructional staff services	50,130	225	-	-	-	50,355
Administration services	291,303	3,175	-	21,686	-	316,164
Operation and maintenance of plant services	124,940	13,353	-	-	-	138,293
Transportation services	71,994	9,322	-	14,000	-	95,316
	577,087	26,075	-	35,686	-	638,848
Non-instructional programs:						
Food service operations	-	3,000	-	-	-	3,000

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2009

	General	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
Other expenditures:						
AEA flowthrough	66,266	-	-	-	-	66,266
Facilities acquisition and construction	-	-	-	62,008	50,713	112,721
	66,266	-	-	62,008	50,713	178,987
Total expenditures	2,034,935	44,263	32,553	97,694	51,193	2,260,638
Net change in fund balances	(199,807)	1,582	1,115	(26,585)	55,722	(167,973)
Fund balances beginning of year	705,596	138,932	14,037	226,522	194,802	1,279,889
Fund balances end of year	\$ 505,789	140,514	15,152	199,937	250,524	1,111,916

See notes to financial statements.

## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities

Year ended June 30, 2009

<b>Net change in fund balances - total governmental funds (Exhibit E)</b>	\$ (167,973)
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**Amounts reported for governmental activities in the Statement of  
Activities are different because:**

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities. This represents the change in income surtax receivable from FY08 to FY09.	3,743
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 55,154	
Depreciation expense	<u>(55,024)</u>	130

Undepreciated basis in capital assets disposed of during the year	(4,701)
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Early retirement expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(5,214)</u>
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<b>Change in net assets of governmental activities (Exhibit B)</b>	<u><u>\$ (174,015)</u></u>
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## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets  
Proprietary Funds

June 30, 2009

	School Nutrition	Child Care	Total
<b>Assets</b>			
Cash and pooled investments	\$ 8,719	6,057	14,776
Due from other governments	-	2,831	2,831
Other receivables	499	-	499
Inventories	1,855	-	1,855
<b>Total assets</b>	<u>11,073</u>	<u>8,888</u>	<u>19,961</u>
<b>Liabilities</b>			
Accounts payable	<u>53</u>	<u>-</u>	<u>53</u>
<b>Net assets</b>			
Unrestricted	<u>11,020</u>	<u>8,888</u>	<u>19,908</u>
<b>Total net assets</b>	<u>\$ 11,073</u>	<u>\$ 8,888</u>	<u>\$ 19,961</u>

See notes to financial statements.



## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds

Year ended June 30, 2009

	<u>School Nutrition</u>	<u>Child Care</u>	<u>Total</u>
Operating revenue:			
Local sources:			
Charges for services	\$ 33,843	70,313	104,156
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	23,624	-	23,624
Benefits	9,032	-	9,032
Supplies	52,036	-	52,036
Total operating expenses	84,692	-	84,692
Community service programs:			
Salaries	-	66,689	66,689
Benefits	-	14,919	14,919
Services	-	308	308
Supplies	-	1,751	1,751
	-	83,667	83,667
Total operating expenses	84,692	83,667	168,359
Operating (loss)	(50,849)	(13,354)	(64,203)
Non-operating revenues:			
Contributions	-	10,727	10,727
State sources	2,035	-	2,035
Federal sources	55,086	-	55,086
	57,121	10,727	67,848
Change in net assets	6,272	(2,627)	3,645
Net assets beginning of year	4,748	11,515	16,263
Net assets end of year	\$ 11,020	8,888	19,908

See notes to financial statements.

## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2009

	School Nutrition	Child Care	Total
Cash flows from operating activities:			
Cash received from sale of services	\$ 33,798	69,598	103,396
Cash payments to employees for services	(32,656)	(81,608)	(114,264)
Cash payments to suppliers for goods or services	<u>(45,562)</u>	<u>(2,078)</u>	<u>(47,640)</u>
Net cash (used by) operating activities	<u>(44,420)</u>	<u>(14,088)</u>	<u>(58,508)</u>
Cash flows from non-capital financing activities:			
Contributions	-	10,727	10,727
State grants received	2,035	-	2,035
Federal grants received	<u>48,143</u>	<u>-</u>	<u>48,143</u>
Net cash provided by non-capital financing activities	<u>50,178</u>	<u>10,727</u>	<u>60,905</u>
Net increase (decrease) in cash and cash equivalents	5,758	(3,361)	2,397
Cash and cash equivalents beginning of year	<u>2,961</u>	<u>9,418</u>	<u>12,379</u>
Cash and cash equivalents end of year	<u>\$ 8,719</u>	<u>6,057</u>	<u>14,776</u>
<b>Reconciliation of operating (loss) to net cash used by operating activities:</b>			
Operating (loss)	\$ (50,849)	(13,354)	(64,203)
Adjustments to reconcile operating profit (loss) to net cash provided by (used in) operating activities:			
Commodities used	6,943	-	6,943
(Increase) in receivables	(45)	(715)	(760)
(Increase) in inventory	(360)	-	(360)
(Decrease) in accounts payable	<u>(109)</u>	<u>(19)</u>	<u>(128)</u>
	<u>\$ (44,420)</u>	<u>(14,088)</u>	<u>(58,508)</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2009, the District received federal commodities valued at \$6,943.

## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2009

	Private Purpose <u>Trust Fund</u>
<b>Assets</b>	
Cash and pooled investments	\$ 53,321
<b>Total assets</b>	<u>53,321</u>
<b>Net Assets</b>	
Reserved for scholarships	<u>\$ 53,321</u>

See notes to financial statements.

## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2009

	<u>Private Purpose Trust Fund</u>
Additions:	
Local sources:	
Interest on investments	\$ -
Total additions	<u>-</u>
Deductions:	
Support services:	
Scholarships	<u>1,300</u>
Total deductions	<u>1,300</u>
Change in net assets	(1,300)
Net assets beginning of year	<u>54,621</u>
Net assets end of year	<u><u>\$ 53,321</u></u>

See notes to financial statements.

# GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2009

### (1) Summary of Significant Accounting Policies

Gilmore City-Bradgate Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors summer recreational activities. The geographic area served includes the Cities of Gilmore City and Bradgate, Iowa, and agricultural area in Pocahontas, Humboldt and Webster Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis. The District also contracts, as explained in Note 6, with the Twin Rivers Community School District to educate students in grades four through twelve.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Gilmore City-Bradgate Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Gilmore City-Bradgate Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Pocahontas and Humboldt County Assessor's Conference Boards.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has elected to include all funds as major funds for clarity of presentation

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Physical Plant and Equipment Levy is used to purchase equipment (over \$500 per item) and for major repairs and improvements to buildings and grounds. It is funded primarily through a combination of property tax and income surtax.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, Child Care and School Nutrition Funds. These funds are used to account for the child care and food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund is the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary funds of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year become effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	1,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.



Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2009.

Fund Balance - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009 expenditures did not exceed the amounts budgeted in any of the four functions. The District did not exceed its General Fund unspent authorized budget.

#### (2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2009.

### (3) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,000	-	-	7,000
Capital assets being depreciated:				
Buildings	781,438	41,154	-	822,592
Improvements other than buildings	172,492	-	-	172,492
Furniture and Equipment	407,159	14,000	23,900	397,259
Total capital assets being depreciated	1,361,089	55,154	23,900	1,392,343
Less accumulated depreciation for:				
Buildings	480,829	23,159	-	503,988
Improvements other than buildings	139,935	2,345	-	142,280
Furniture and Equipment	324,840	29,520	19,199	335,161
Total accumulated depreciation	945,604	55,024	19,199	981,429
Total capital assets being depreciated, net	415,485	130	4,701	410,914
Governmental activities, capital assets, net	\$ 422,485	130	4,701	417,914
<b>Business type activities:</b>				
Furniture and equipment	\$ 21,619	-	5,288	16,331
Less accumulated depreciation	21,619	-	5,288	16,331
Business type activities capital assets, net	\$ -	-	-	-

Depreciation expense was charged to the following functions:

Governmental activities:	
Unallocated	\$ 55,024
Business type activities:	
Food service operations	\$ -

### (4) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$70,769, \$63,433, and \$55,045 respectively, equal to the required contributions for each year.

**(5) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$66,266 for year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(6) Two-Way Whole Grade Sharing**

The District has entered into a contract with Twin Rivers Community School District to complete the academic and extra-curricular needs of students in grades four through twelve. All regular education students in grades nine through twelve will attend the Twin Rivers Community School District. All regular education students in grades four through eight will attend the Gilmore City-Bradgate Community School District.

**(7) Risk Management**

Gilmore City-Bradgate Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

## **Required Supplementary Information**

**GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT**

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
<b>Revenues:</b>						
Local sources	\$ 1,449,448	114,883	1,564,331	1,527,503	1,527,503	36,828
State sources	553,971	2,035	556,006	584,723	584,723	(28,717)
Federal sources	89,246	55,086	144,332	133,500	133,500	10,832
Total revenues	<u>2,092,665</u>	<u>172,004</u>	<u>2,264,669</u>	<u>2,245,726</u>	<u>2,245,726</u>	<u>18,943</u>
<b>Expenditures/Expenses:</b>						
Instruction	1,439,803	-	1,439,803	2,474,635	2,474,635	1,034,832
Support services	638,848	-	638,848	1,231,000	1,231,000	592,152
Non-instructional programs	3,000	168,359	171,359	203,903	203,903	32,544
Other expenditures	178,987	-	178,987	234,754	234,754	55,767
Total expenditures/expenses	<u>2,260,638</u>	<u>168,359</u>	<u>2,428,997</u>	<u>4,144,292</u>	<u>4,144,292</u>	<u>1,715,295</u>
<b>Excess (deficiency) of revenues over (under) expenditures/expenses</b>	(167,973)	3,645	(164,328)	(1,898,566)	(1,898,566)	1,734,238
<b>Other financing sources (uses)</b>	-	-	-	-	-	-
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses</b>	(167,973)	3,645	(164,328)	(1,898,566)	(1,898,566)	1,734,238
<b>Balance beginning of year</b>	<u>1,279,889</u>	<u>16,263</u>	<u>1,296,152</u>	<u>1,305,823</u>	<u>1,305,823</u>	<u>(9,671)</u>
<b>Balance end of year</b>	<u>\$ 1,111,916</u>	<u>19,908</u>	<u>1,131,824</u>	<u>(592,743)</u>	<u>(592,743)</u>	<u>1,724,567</u>

See accompanying independent auditor's report.

**GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT**

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2009, expenditures did not exceed the amount budgeted in any of the four functions. The District did not exceed its General Fund unspent authorized budget.

## Other Supplementary Information

## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ 2,367	11,103	10,277	3,193
Elementary spirit	1,567	327	782	1,112
Kids PBS	-	2,911	1,245	1,666
Student council	10,103	19,326	20,248	9,181
Total	\$ 14,037	33,667	32,552	15,152

See accompanying independent auditor's report.



## GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Six Years

	Modified Accrual Basis				
	2009	2008	2007	2006	2005
Revenues:					
Local sources:					
Local tax	\$ 978,434	1,002,713	991,497	991,196	962,884
Tuition	299,782	279,213	227,894	232,023	146,388
Other	171,232	162,401	153,129	145,470	155,662
State sources	553,971	619,323	549,073	593,283	619,759
Federal sources	89,246	64,264	86,415	82,324	96,239
Total	<u>\$ 2,092,665</u>	<u>2,127,914</u>	<u>2,008,008</u>	<u>2,044,296</u>	<u>1,980,932</u>
					<u>2,002,573</u>
Expenditures:					
Instruction	\$ 1,439,803	1,321,280	1,314,150	1,345,338	1,295,291
Support services:		-			
Student	38,720	37,820	34,078	32,108	40,024
Instructional staff	50,355	21,636	21,853	18,740	20,722
Administration	316,164	307,512	245,331	204,195	192,727
Operation and maintenance of plant	138,293	132,195	121,444	121,922	109,046
Transportation	95,316	80,164	125,069	66,000	122,407
Non-instructional programs	3,000	3,000	3,000	13,100	368
Other expenditures:					
Facilities acquisition	112,721	194,258	55,197	160,852	58,215
AEA flowthrough	66,266	65,496	64,848	63,489	64,025
Total	<u>\$ 2,260,638</u>	<u>2,163,361</u>	<u>1,984,970</u>	<u>2,025,744</u>	<u>1,902,825</u>
					<u>1,800,772</u>

See accompanying independent auditor's report.

# BRUCE D. FRINK

Certified Public Accountant

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards**

**Member:**

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

**Services:**

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

**Plus:**

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of  
Gilmore City-Bradgate Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Gilmore City-Bradgate Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 18, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Gilmore City-Bradgate Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Gilmore City-Bradgate Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Gilmore City-Bradgate Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Gilmore City-Bradgate Community School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Gilmore City-Bradgate Community School District's financial statements that is more than inconsequential will not be prevented or detected by Gilmore City-Bradgate Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Gilmore City-Bradgate Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-A-09 and I-B-09 to be material weaknesses.

#### Compliance and Other Matters

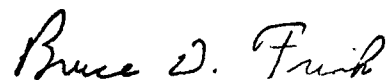
As part of obtaining reasonable assurance about whether Gilmore City-Bradgate Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. We noted no immaterial instances of non-compliance or other matters to be described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Gilmore City-Bradgate Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Gilmore City-Bradgate Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Gilmore City-Bradgate Community School District and other parties to whom Gilmore City-Bradgate Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Gilmore City-Bradgate Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



**BRUCE D. FRINK**  
**Certified Public Accountant**

January 18, 2010

GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCIES:**

I-A-09 SEGREGATION OF DUTIES

Comment - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

II-B-09 Auditor Drafting of the Financial Statements and Related Footnote Disclosures

Comment - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 112, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy, we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

**GILMORE CITY-BRADGATE COMMUNITY SCHOOL DISTRICT**

Schedule of Findings

Year ended June 30, 2009

**Part II: Other Findings Related to Required Statutory Reporting:**

- II-A-09      Certified Budget - Expenditures for the year ended June 30, 2009, did not exceed the amounts budgeted.
- II-B-09      Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-09      Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09      Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-E-09      Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09      Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-09      Certified Enrollment - The Certified Annual Report was certified timely to the Department of Education.
- II-H-09      Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-I-09      Certified Annual Report - The Certified Annual Report was certified timely to the Department of Education.
- II-J-09      Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-K-09      Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$	-
Statewide sales and services tax revenue		94,954
Expenditures/transfers out:		
School infrastructure:		
Equipment	\$	480
Other improvements	<u>50,713</u>	<u>51,193</u>
Ending balance		<u>\$43,761</u>